



## ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta &  
Zachariah Yurch

(212) 624-1132 (888) 885-6100

[www.e-windham.com](http://www.e-windham.com)

### POWER MARKET REPORT FOR NOVEMBER 28, 2006

#### NATURAL GAS MARKET NEWS

Newfoundland LNG launched plans last week to build North America's first liquefied natural gas (LNG) storage and transshipment facility at Grassy Point on Placentia Bay in southeastern Newfoundland. The St. John's, NL-based company is expecting a burgeoning market for LNG transshipment facilities for overseas imports entering the North American marketplace because of the economics of the LNG trade in the Atlantic Basin.

The U.S. FERC has approved ANR Pipeline plans to increase the size of four natural gas storage fields in Michigan, lifting their total working gas capacity and deliverability by 17Bcf. In doing so, ANR also plans to abandon and replace some compressor units at one of its storage fields.

The U.S. Bureau of Land Management reported today that undiscovered, technically recoverable gas reserves on federal lands is estimated at 181.9 tcf. Proved reserves are pegged at 26.3 tcf. Some 25.2 tcf are on 23.8 million acres of federal lands accessible for development under standard lease terms. Some 50.1 tcf are on 45.5 million acres that are closed to development

#### PIPELINE RESTRICTIONS

Kern River Pipeline said that linepack is low from Elberta to the Common Facilities. Meanwhile, Kern Mainline North is posting normal linepack levels.

Northwest Pipeline said that due to very cold weather projections in the Pacific Northwest over the next few days and record low

throughput volumes across the Canadian border, Northwest is declaring a Stage II (8%) Overrun Entitlement for Receiving Parties on the Wenatchee Lateral and a Stage III Overrun Entitlement (13%) for all other Receiving Parties located north of the Kemmerer Compressor

#### Generator Problems

**ERCOT** – TXU Corp.'s 575 Mw Big Brown #2 coal-fired power station shut to fix a boiler tube leak. The unit is expected to return to service in a few days.

**MAIN** – Exelon Generation returned its Dresden nuclear units to 97% capacity each today.

**WSCC** – Pacific Gas and Electric said its 1,100 Mw Diablo Canyon #1 nuclear unit remains at a reduced 50% capacity this morning to accommodate schedule maintenance on the secondary non-nuclear side of the plant. Diablo Canyon #2 remains at full power.

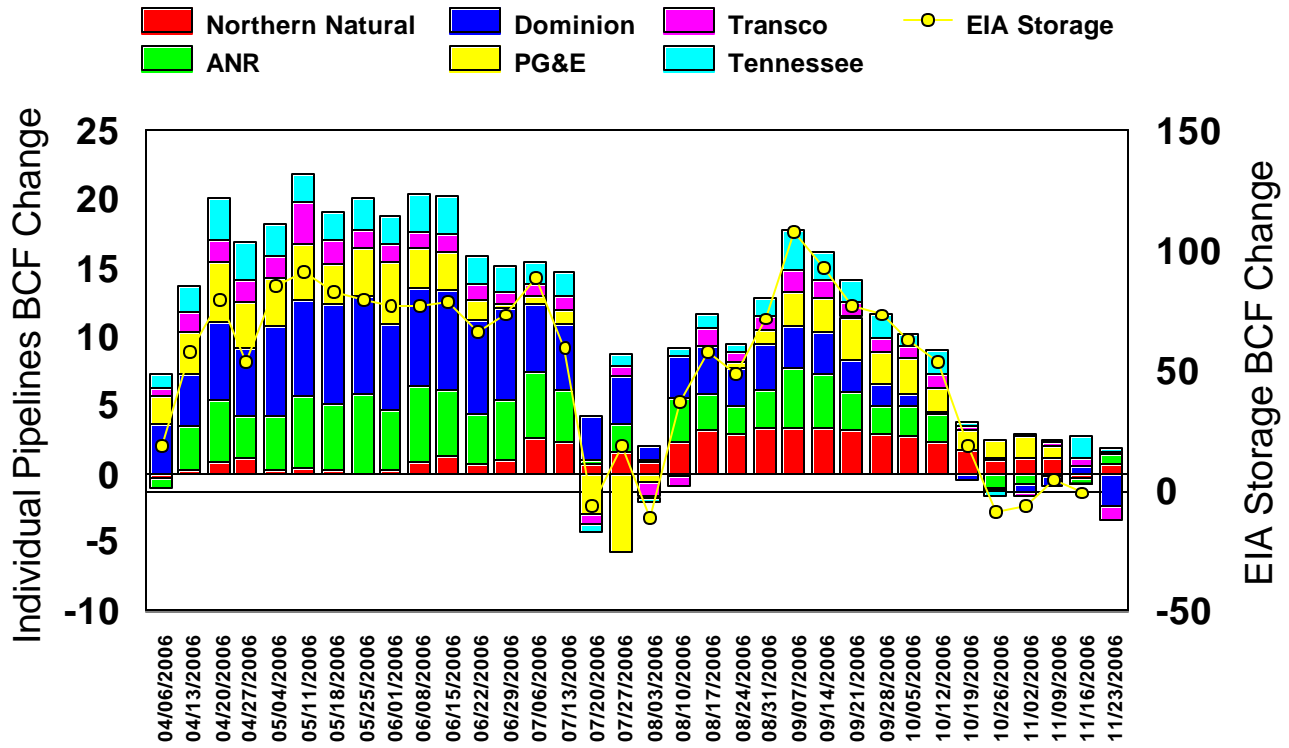
**The NRC reported that 87,528 Mw of nuclear capacity is on line, up .03% from Monday, but 2.95% lower from a year ago.**

#### Natural Gas Cash Market

ICE Next Day Cash Market

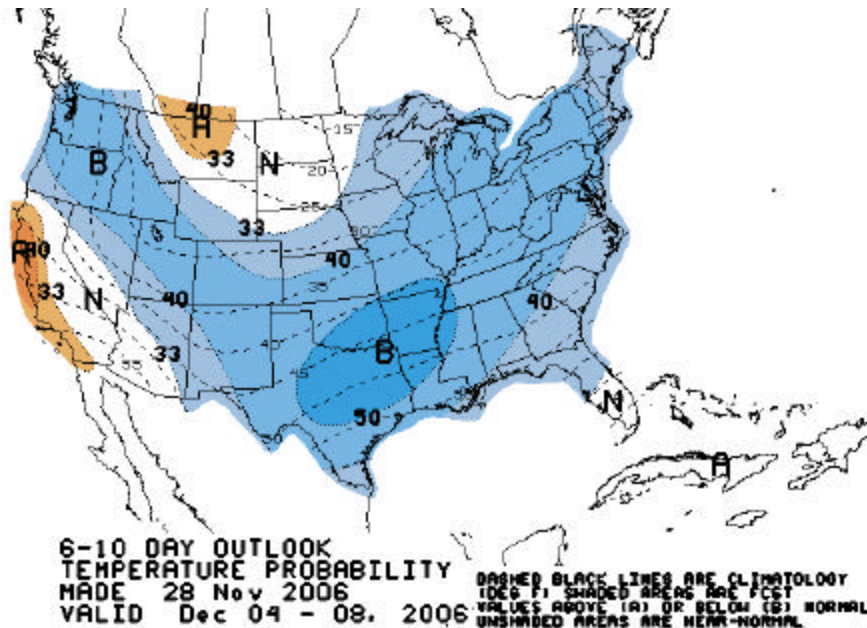
	Volume	Avg	Change	Basis	Change	Basis 5-Day
<u>Location</u>	<u>Traded</u>	<u>Price</u>		(As of 12:30 PM)		<u>Moving Avg</u>
Henry Hub	490,300	\$7.613	\$0.030	(\$0.705)	(\$0.290)	(\$0.414)
Chicago City Gate	584,500	\$7.447	\$0.276	(\$0.688)	\$0.081	(\$0.670)
NGPL- TX/OK	634,500	\$6.578	\$0.275	(\$1.557)	\$0.080	(\$1.401)
SoCal	402,600	\$6.994	\$0.186	(\$1.142)	(\$0.009)	(\$1.485)
PG&E Citygate	692,600	\$7.888	\$0.089	(\$0.247)	(\$0.106)	(\$0.423)
Dominion-South	243,600	\$7.790	\$0.010	(\$0.345)	(\$0.185)	(\$0.099)
Transco Zone 6	162,700	\$7.958	(\$0.002)	(\$0.178)	(\$0.197)	\$0.082

# Weekly Change In Nat Gas Stocks



Station for gas days November 29 and November 30.

Texas Eastern Transmission Corp. said that it has restricted to capacity deliveries downstream of Castor on the Castor lateral. No increase of deliveries downstream of Castor on the Castor lateral will be accepted. Tetco has scheduled to capacity all receipts sourced between Little Rock and Batesville for delivery downstream of Batesville. No increase of receipts between Little Rock and Batesville for delivery downstream of Batesville will be accepted. Tetco has restricted receipts sourced between Mt. Belvieu and Little Rock for delivery outside of that area.



Williston Basin Interstate Pipeline Company said that one point and several line sections are in pipeline Capacity Constraint. Penalties will be imposed for the timely cycle for delivery at the following line sections: Cabin Creek-Dickinson; Dickinson-Bismarck; Bismarck-Cleveland; Cleveland-Grafton; Williston-Bismarck; Belle Fourche-Recluse; Cleveland-Mapleton; Portal-Tioga; Belle Creek-Manning.

Penalties will also be imposed at the Northern Border-Manning and Northern Border-Glen Ullin.

### **PIPELINE MAINTENANCE**

Alliance Pipeline said that routine inspection will require the Carson Creek Unit #2 compressor to be offline for six hours today. Station capacity will be lowered to 18.4 MMcf for gas day November 28. The Carson Creek Station is located in Alberta.

Gulf South Pipeline said that current scheduled maintenance on the Clarence Compressor Station Unit #1 is anticipated to be complete December 1. Gulf South has been working on the station since September.

Natural Gas Pipeline Company said that a gas quality problem has been reported at the receipt from Centerpoint-Hot Springs in Hot Springs, Arkansas (Segment 27 of Natural's Gulf Coast Main Line Receipt Zone). Effective today, and continuing until further notice, this receipt will be unavailable.

### **MARKET COMMENTARY**

The natural gas market opened 8 cents higher to start the final session of the December contract as traders pointed to the coming of Arctic weather as reason for the expiring December contract to break free of its familiar trading range on light volume, surging past technical resistance at 8.25 to peak at 8.38, the contract's highest point since early August. The December contract eventually came to rest at 8.318, up a full 32 cents. The new spot January contract stayed in its familiar range reaching a high of just 8.62 and finished the session up a less dramatic 20.2 cents at 8.559.

<b>NYMEX Petroleum Options Most Active Strike for November 28, 2006</b>								
<b>Symbol</b>	<b>Month</b>	<b>Year</b>	<b>Call/Put</b>	<b>Strike</b>	<b>Exp Date</b>	<b>Settle</b>	<b>Volume</b>	<b>IV</b>
ON	3	8	C	20	02/26/2008	0.341	3,500	53.27
LN	1	7	C	10	12/26/2006	0.1722	3,050	62.68
ON	4	7	C	10	03/27/2007	0.398	2,912	53.92
ON	1	7	C	10	12/26/2006	0.172	2,212	64.28
LN	1	7	P	6	12/26/2006	0.0075	2,000	61.60
LN	1	7	C	9	12/26/2006	0.4061	1,831	59.92
LN	1	7	P	6.5	12/26/2006	0.0258	1,750	61.45
LN	1	7	P	8	12/26/2006	0.3183	1,525	62.76
ON	1	7	C	9	12/26/2006	0.406	1,404	62.30
LN	3	7	C	15	02/23/2007	0.0839	1,250	69.85
LN	4	7	P	7	03/27/2007	0.4074	1,127	54.01
LN	4	7	C	11.5	03/27/2007	0.204	1,100	52.48
LN	5	7	C	11.5	04/25/2007	0.2533	1,100	50.17
LN	1	7	P	7	12/26/2006	0.0696	1,100	61.12
LN	6	7	C	11.5	05/25/2007	0.3226	1,100	48.46
LN	2	7	C	10	01/26/2007	0.4381	1,075	63.59
LN	3	7	C	10.5	02/23/2007	0.4703	1,050	64.01
LN	5	8	C	10	04/25/2008	0.6136	1,000	26.18
LN	4	8	C	10	03/26/2008	0.6561	1,000	27.15
LN	6	8	C	10	05/27/2008	0.6549	1,000	25.44
LN	2	7	C	15	01/26/2007	0.0391	1,000	72.27
ON	5	7	P	6	04/25/2007	0.198	1,000	50.04
LN	2	7	C	9.5	01/26/2007	0.558	920	61.99
ON	1	7	P	8	12/26/2006	0.319	882	60.91
LN	1	7	C	11	12/26/2006	0.0698	875	65.06
LN	3	7	P	8	02/23/2007	0.7432	850	64.86
ON	1	7	P	7	12/26/2006	0.07	821	59.99
LN	4	7	C	15	03/27/2007	0.0501	800	57.18
LN	3	7	C	10	02/23/2007	0.5648	800	62.49
ON	2	7	C	12	01/26/2007	0.17	781	70.81
LN	3	7	C	11.5	02/23/2007	0.3321	700	66.86
LN	3	7	P	6	02/23/2007	0.1021	650	59.50
LN	6	7	C	8.5	05/25/2007	0.94	650	41.61
LN	4	7	C	8.5	03/27/2007	0.7785	650	46.10
LN	5	7	C	8.5	04/25/2007	0.84	650	43.62
ON	1	7	C	8.55	12/26/2006	0.581	630	61.45
ON	1	7	P	8.55	12/26/2006	0.572	630	61.43

Expiration jitters made new highs in the December contract as cold weather will reach across most of the country by the weekend, but with January remaining in its range, it is going to take some sustained cold and noticeable draw to stocks to get the market to new upside territory. Early expectations for Thursday's inventory report call for a 25-35 Bcf withdraw. This will compare to a draw of 43 Bcf last year and a 22 Bcf five-year average withdrawal. If these storage forecasts prove accurate, the market will have its largest year-on-five-year average surplus since the end of October when it encounters the increased heating demand in the week ending

December 8. We see some choppy, temperature-related swings in storage in the weeks ahead, but no net progress toward working off the substantial storage surplus. We see support in January at \$8.14, \$8.10, \$8.00 and \$7.75. We see resistance at \$8.65, \$8.75, \$9.00, \$9.25 and \$9.65.